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NOTES AND MEMORANDA.

FACTS ABOUT MONEY: A REPLY.

In the *Quarterly Journal of Economics* for January, 1896, Professor Willard Fisher, under the heading of "*Coin*" and *his Critics*, while giving perhaps a half-page on an average to other books, has devoted about one-fourth of his article, or about five pages, to criticisms of a little book of mine, entitled *Facts about Money*. The injustice of his detailed objections is such that, had they not appeared in a journal of so high a character, I might properly have passed them by; but I should not like to be understood as accepting these criticisms by silence.

My critic's objections to the book are of two kinds: (1) wrong points of view, and (2) special errors of fact. As to the first, I have nothing to say here. Any one has the inalienable right to disagree with another on general conclusions. This critic, however, is evidently a radical bimetallist, who finds so little to his taste in the book that he scents wickedness in very small things. Indeed, it seems as if his real grievance arises from my disbelief in the quantity theory and my defence of the gold standard. Only on such a supposition can I explain his curious temper on very unimportant points.

In regard to the errors of fact mentioned by him, I find no case in which he has not garbled my text or has not himself fallen into error. Taking one page (p. 202) where he specifies five errors, I shall answer them in order:—

(1) He quarrels with me because I did not insert the words "worth of bullion" after dollars, when mentioning the Bland-Allison Act in an abbreviated way in a chronology. But, although I had printed the text of the whole act elsewhere (p. 262), he calls it a "statement wide of the truth." It is quite as insignificant as his own small error in speaking of this measure as the "Bland Bill," since the Bland Bill was never enacted, and was, moreover, a free coinage bill.

(2) I am charged with saying that our subsidiary money "is still coined in conformity with the act of 1853" (p. 35). Now, the fact is, I never said any such thing. In giving the reason why (p. 35) the fractional silver was coined (in 1853) with a less proportional amount (345.6 grains) of pure silver than was contained in the dollar piece (371.25 grains), I said, "It has worked so well that our fractional silver is still coined by the *system* instituted in 1853"; that is, the system by which the pure content of the fractional coin is reduced below the value of the dollar piece of silver. Surely, Professor Fisher knew this. But he implies that I ought to have said that the weights of these fractional coins were increased in 1873. In the codification of that year the metric system was applied to the subsidiary coins, and yet the nearest possible number of grammes to the weights of 1853 were adopted in 1873. In Section 15 of the act of February 12, 1873, the weight of the subsidiary silver is fixed at 25 grammes to the dollar, or 385.85 grains of standard silver, which is the same as 347.262 grains of pure silver. So it remains literally true, as I said, that the system of 1853 is still in force; and, moreover, in expressing the old weights in the terms of the new metric weights, that number of grammes was adopted which corresponded as nearly as possible (within 1.665 of a grain) to the weights fixed in 1853.

(3) I am again criticised, because "we are told that the French ratio of $15\frac{1}{2}$ to 1 was established in 1803 (p. 36); but all specialists know that it had then already been in force eighteen years." Certainly, my critic will not deny that since 1803 the French ratio, or whatever it may be called, was generally supposed to be $15\frac{1}{2}$ to 1. And that is all I implied, or said, when referring to the fact (p. 36) that, in the period under discussion, long before 1853 (of which "Coin" was speaking), the French ratio was $15\frac{1}{2}$ to 1. There was no possible place or reason for dragging in the period before 1803, except to give my critic a chance to try his wings. Here he again perverted my text.

(4) In his next specification he indicts me for saying "that in 1873 the price of silver had not yet begun to fall" (p. 70.) This charge is to me inexplicable; for I said distinctly, "It

was not until September, 1873, that silver fell as low as 16 to 1 for a monthly average," and that is the only passage in which reference is made to the subject. So that I said just the opposite of that which I am charged with saying. In this connection, however, Professor Fisher objects to my saying "that Germany's action had not yet been taken." I had called attention, and justly, to the fact that the German act (July 9, 1873), which most bimetallic writers regard as the cause of the depreciation of silver, was passed later than the American act of demonetization (February 12, 1873). I had been showing that, when we demonetized silver, it was the dearer dollar, and that no one could possibly have foreseen the coming great decline in the value of silver. My critic then refers to the preliminary German act of December, 1871, as if to prove me wrong. Now, he knows that this act did not start the decline in silver; nor has any one hitherto claimed it. If it did not, his charge is pointless.

(5) In the next item the reader is given a display of superior learning. The critic says: "We are told that in 1890 China created a new piastre of silver, $\frac{9}{10}$ fine, and containing 27.27 grains of pure metal (p. 11). But the new dollar, or piastre, of China is not $\frac{9}{10}$ fine. It contains nine parts of the 'sycee' silver of Chinese commerce, so that it assays from .8842 down. Moreover, the gross weight is 420.88 grains, and the pure content a little less than 378 grains, or 24.6 grams."

It is to be noted that this relates to a brief entry in a chronology (p. 11), and not to the main text. This entry reads as follows:—

"*Technical* monetary reform in China. Creation of a new piastre, weighing 7 maces, 3 candareens, $\frac{9}{10}$ fine, containing 27.27 *grains* of fine silver."

I answer (a) that the fineness is $\frac{9}{10}$ fine. See *Bulletin de Statistique*, November, 1890, p. 651: "La nouvelle piastre devait . . . avoir le poids de 7 maces, 3 candareens, et être frappée au titre de $\frac{900}{1000}$ ce qui représentait 27.27 grammes d'argent fin."

(b) If he knew what the Chinese weights were, he would have seen that my printer had made a typographical error, and printed the word "grains" instead of "grammes" after 27.27. Any beginner would also have seen that the dollar could not

have been so small as 27.27 *grains*. Now 27.27 grammes equals 420.88 grains, exactly as Professor Fisher states it; but $\frac{1}{16}$ of this is 378.792 grains, so that he is himself in error in fixing the pure content at "a little *less* than 378 grains." (c) But he makes still another error here. My entry only related to the "technical" reform, as enacted. Professor Fisher undertakes to say what actually took place; for he says "the gross weight is 420.88 grains." Unfortunately for my critic, that would have been the weight if the technical law had been carried out, as in my entry; but China has a way of deviating from the letter of the law, and has actually coined piastres weighing only 7 maces, 2 candareens (instead of 3), with a gross weight of 415.08 grains, or 373.5 grains pure silver, instead of the figure of 378 grains given by Mr. Fisher.

"And so it goes," as he says. I might go on with this process; but the above is the result of an examination of one page of his criticisms taken *seriatim*, and is sufficient to show that he has either garbled my text or has himself made an error. After such flimsy work as this, that he should then, in a somewhat youthful and sweeping manner, say that "a searching [*sic*] examination will show that *Facts about Money* is a very inferior piece of work, quite unworthy of its author, and utterly unreliable as a guide in the study of the money question," is quite incredible. It is difficult for me to understand his animus.

While I have no desire to take shelter behind the necessity which obliged me to get the book ready for the publisher in about ten days, it goes without saying to those who knew the situation that time was important. This precluded any careful finish; but, if no more serious errors have crept in than those pointed out by Professor Fisher, I am content.

J. LAURENCE LAUGHLIN.

UNIVERSITY OF CHICAGO,
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